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13-0029MJ

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK
LONG ISLAND OFFICE

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FILED UNDER SEAL

UNITED STATES OF AMERICA

AFFIDAVIT IN SUPPORT
OF AN ARREST WARRANT

-against-

(18 U.S.C. § 1349)

STEVEN KORNBLATT,

Defendant.

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EASTERN DISTRICT OF NEW YORK, SS:

VINCENT GERARDI, being duly sworn, deposes and says that he is a Special Agent with the Federal Bureau of Investigation ("FBI"), duly appointed according to law and acting as such.

Upon information and belief, in or about and between September 2012 and December 2012, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendant STEVEN KORNBLATT together with others, did knowingly and intentionally devise a scheme and artifice to defraud, and to obtain money or property by means of materially false and fraudulent pretenses, representations, and promises, and for the purpose of executing such scheme and artifice, did transmit and cause to be transmitted by means of wire

communication in interstate and foreign commerce, one or more writings, signs, signals, pictures and sounds.

(Title 18, United States Code, Section 1343)

The source of your deponent's information and the grounds for his belief are as follows:¹

1. I have been a Special Agent with the FBI for approximately seventeen (17) years. I have participated in numerous investigations of violations of federal offenses, including mail, wire, bankruptcy and securities fraud.

2. The facts set forth in this affidavit are based on my personal knowledge and observations, interviews of witnesses, my conversations with other law enforcement agents, my review of documents pertaining to this investigation, and my training and experience. Where the contents of documents and the actions, statements, and conversations of others are reported herein, they are reported in sum and substance and in part, except where otherwise indicated.

3. New York 811, Inc. is a one call notification system whose main purpose is to establish and carry out procedures and programs to protect underground

¹ Because the purpose of this affidavit is to establish only probable cause to arrest, I have not set forth a description of all the facts and circumstances of which I am aware.

facilities/utilities from damage due to excavation and demolition due to construction work. As such, New York 811, Inc. receives notices of intent to perform excavation, demolition and construction work in specified areas and transmits these notices to one or more of its member operators, which include, but are not limited to, cable and phone companies, as well as electric and gas utilities.

4. One Call Concepts ("OCC") is a company contracted to operate the One Call Notification System on behalf of New York 811, Inc. OCC receives all calls and internet notifications placed to New York 811, Inc. by parties intending to dig with mechanized equipment in the New York City and Long Island areas. These notifications result in a New York 811, Inc. "Work Ticket" being generated, in which any phone, cable or utility company with potential underground facilities in the area of construction would be notified that such work was scheduled to occur. OCC maintains a telephone call center and computer server in Piscataway, New Jersey.

5. Eastern Locating Service, Inc. ("ELS") is a corporation with offices in New York and New Jersey. ELS holds itself out as a company that provides accurate locating and mark-out of underground utility lines in an effort to ensure the safety of site excavation.

6. National Grid is an international electricity and gas company and one of the largest investor-owned energy companies in the world. National Grid is a member operator of the New York 811, Inc. call notification system.

7. Cablevision is a leading telecommunications and media company with a portfolio of operations that includes digital television, voice and high-speed internet services, local media and programming properties, and movie theaters. Cablevision is a member operator of the New York 811, Inc. call notification system.

8. Consolidated Edison ("Con Edison") provides electric and gas service to millions of customers in the metropolitan New York area. Con Edison is a member operator of the New York 811, Inc. call notification system.

9. National Grid utilizes the locating and mark-out services of ELS whenever it receives notification from OCC that a party has reported its intention to dig with mechanized equipment in New York City or Long Island in an area where National Grid may have underground electric and/or gas lines. Once ELS received notification from OCC of excavation in an area, ELS would send locating and mark-out crews to the excavation area to determine if there are any buried utility lines in the area, and either mark it out with paint and or

flags, or give an "all clear" (meaning there are no buried utility lines present in the excavation site). This is done to ensure that utility lines would not be damaged.

10. During the time period relevant to this affidavit, the defendant STEVEN KORNBLATT resided in East Northport, New York (hereinafter the "Kornblatt Residence").

11. Beginning in approximately September 2012, the defendant STEVEN KORNBLATT, and others, devised a scheme to defraud in which they used the telephone and internet to submit thousands of fraudulent notifications of intent to excavate with mechanized equipment in the New York City area. As part of the scheme, the defendant STEVEN KORNBLATT, and others provided false information to OCC and New York 811, Inc. including, but not limited to, the name and contact information of the excavation contractor and the type and location of work to be done. In fact, the investigation has revealed that none of the notifications made by the defendant STEVEN KORNBLATT, and others, related to work that was actually contracted to be performed. Rather, the defendant STEVEN KORNBLATT and his co-conspirators provided the information to OCC and New York 811, Inc. only in order for ELS to be paid for the location and mark-out work.

12. The investigation has further revealed that over 8,000 fraudulent notifications for excavation work being done in the New York City area were made to OCC and New York 811, Inc. Furthermore, the FBI has received internet and telephone usage records in the name of defendant STEVEN KORNBLATT at the Kornblatt residence. These records, along with records obtained from OCC show that nearly all of the 8,000 fraudulent notifications for excavation work being done in the New York City area were made via telephone and/or computer from the Kornblatt Residence to OCC in Piscataway, New Jersey.

13. As a result of the fraudulent notifications submitted to OCC and New York 811, Inc. by the defendant STEVEN KORNBLATT, and others, National Grid incurred over one hundred and fifty thousand dollars of unnecessary expenses of which approximately ninety five thousand dollars was paid to ELS for the mark-out work that ELS was requested to provide. Additionally, other member operators of the New York 811, Inc. call notification system including, but not limited to, Cablevision and Con Edison, in total also incurred hundreds of thousands of dollars of unnecessary expenses as a result of the scheme.

14. In December 2012, I interviewed the defendant STEVEN KORNBLATT regarding the fraudulent notifications to OCC


and New York 811, Inc. During the interview, the defendant STEVEN KORNBLATT stated that between approximately February 2012 and July 2012, he was employed by ELS as a supervisor of locating and mark-out crews. The defendant STEVEN KORNBLATT also admitted to fraudulently providing information to the New York 811, Inc. system concerning non-existent excavation work which, in turn, caused false Work Tickets to be issued to ELS for locating and mark-out work. The defendant STEVEN KORNBLATT further advised that as a result of his participation in the fraudulent scheme, he was compensated on a per Work Ticket basis by a co-conspirator who is employed by ELS.

WHEREFORE, your deponent respectfully requests that an arrest warrant be issued for the defendant STEVEN KORNBLATT so that he may be dealt with according to law.

Given the nature of this application, your deponent

respectfully requests that this affidavit be filed under seal
until further order of the Court.

Dated: Central Islip, New York
January 15, 2013



VINCENT GERARDI
Special Agent
Federal Bureau of Investigation

Sworn to before me this
/ 5 day of January, 2013

/S/ E. THOMAS BOYLE, MJ

UNITED STATES MAGISTRATE JUDGE
EASTERN DISTRICT OF NEW YORK